Announcement 27 2014/15
Allerød, 4 February 2015

Interim report - 9M 2014/15

(1 April – 31 December 2014)

Continued revenue growth and margin improvement

Q3 2014/15 revenue grew 2.2% year on year to DKK 1,041 million. Revenue for the nine months ended 31 December 2014 grew 2.3% year on year to DKK 2,661 million. The like-for-like growth rate was 0.8% in Q3 2014/15, compared with a like-for-like growth rate of 5.5% in the same period of 2013/14. The like-for-like growth rate for the first nine months of 2014/15 was 0.9%. The EBITA margin rose to 21.9% in Q3 2014/15 from 20.7% in the year-earlier period, primarily as a result of the adverse impact of an extraordinary revaluation in Q3 2013/14 of recognised Club Matas points. The underlying EBITA margin for Q3 2014/15 was marginally higher than in the same quarter of the year-earlier period.

Terje List, Chief Executive Officer, said in connection with the release of the interim report: *" Thanks to a good execution during the Christmas season, we managed to improve both revenue and earnings for Q3 2014/15 as compared with our very strong Q3 of 2013/14. The performance shows that we have retained our strong position in a competitive and challenging retail market."*

Highlights of Q3 2014/15

- Q3 2014/15 revenue grew 2.2% year on year to DKK 1,041 million. Like-for-like growth was 0.8%, which was slightly lower than the expected level.

- Q3 2014/15 gross profit was DKK 481 million, and the gross margin was 46.2%, which was an increase from 45.6% in Q3 2013/14. The improvement was attributable to the fact that the gross margin for Q3 2013/14 was adversely affected by a revaluation of recognised Club Matas points and the consolidation of acquired stores. The underlying gross margin was marginally lower in Q3 2014/15 than in the year-earlier period driven by normal quarter-on-quarter fluctuations.

- EBITA was DKK 228 million in Q3 2014/15, up from DKK 210 million in the year-earlier period, equivalent to an EBITA margin improvement to 21.9% from 20.7%. Excluding the negative effect of 1 percentage point of the revaluation of Club Matas points in Q3 2013/14, the underlying EBITA margin rose slightly in Q3 2014/15. Overall, the EBITA margin for the first nine months of FY 2014/15 was 18.2%, which was slightly higher than in year-earlier period.

- Profit after tax for Q3 2014/15 was DKK 144 million, and adjusted profit after tax net of amortisation of trademarks was DKK 158 million (Q3 2013/14: DKK 150 million). Adjusted profit after tax for the first nine months of 2014/15 was DKK 320 million.

- Cash generated from operations rose to DKK 328 million in Q3 2014/15 (Q3 2013/14: DKK 273 million), which was driven by positive developments in net working capital. The free cash flow in Q3 2014/15 was an inflow of DKK 182 million (Q3 2013/14: an outflow of DKK 47 million). The free cash flow for the first nine months of 2014/15 was DKK 304 million.

- Gross debt stood at DKK 1,910 million as at 31 December 2014. The target of a gross debt of DKK 1,600-1,800 million remains unchanged. Net interest-bearing debt was DKK 1,574 million at 31 December 2014, equivalent to 2.4x LTM EBITDA before exceptional items as compared to 2.8x at the end of Q3 2013/14.

Outlook for 2014/15

The financial guidance for the full year remains unchanged from our previous guidance of revenue for 2014/15 just short of DKK 3.5 billion based on an estimated like-for-like growth rate for 2014/15 of 1-2%.

The EBITA margin is still expected to be on a level with the 2013/14 EBITA margin.

FINANCIAL GUIDANCE FOR 2014/15

(DKK millions)	**4 February 2015**	**18 November 2014**
Guidance for 2014/15		
Like-for-like growth	1-2%	1-2%
Revenue	Just short of DKK 3.5 billion	Just short of DKK 3.5 billion
EBITA margin	On a level with FY 2013/14	On a level with FY 2013/14

Conference call

Matas will host a conference call for investors and analysts on Wednesday, 4 February at 10:00 a.m. CET. The conference call and presentation will be available on our investor website: investor.en.matas.dk.

Conference call access numbers for investors and analysts:

DK:	+45 3272 8018
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Forward-looking statements

This interim report contains statements relating to the future, including statements regarding Matas A/S' future operating results, financial position, cash flows, business strategy and plans for the future. The statements can be identified by the use of words such as "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond Matas A/S's control, can mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

Key financials

(DKK millions)	2014/15 Q3	2013/14 Q3	2014/15 9 months	2013/14 9 months
Statement of comprehensive income				
Revenue	1,041.3	1,018.4	2,661.1	2,600.5
Gross profit	481.0	464.1	1,239.7	1,186.3
EBITDA	241.7	224.9	526.9	477.7
Operating profit	208.6	191.2	426.2	376.5
Profit before tax	195.8	174.8	376.8	314.8
Profit for the period	143.9	135.9	277.3	244.8
Net exceptional items	0.0	0.0	0.0	28.1
EBITDA before exceptional items	241.7	224.9	526.9	505.8
EBITA	227.6	210.3	483.2	461.9
Adjusted profit after tax	158.2	150.2	320.2	312.5
Statement of financial position				
Total assets			5,757.8	5,767.3
Total equity			2,625.7	2,595.5
Net working capital			-99.9	11.2
Net interest-bearing debt			1,574.2	1,761.2
Statement of cash flows				
Cash flow from operating activities	194.3	43.6	353.5	158.5
Cash flow from investing activities	-12.1	-90.4	-49.1	-131.0
Free cash flow	182.2	-46.8	304.4	27.5
Ratios				
Revenue growth	2.2%	6.5%	2.3%	5.2%
Like-for-like growth	0.8%	5.5%	0.9%	4.1%
Gross margin	46.2%	45.6%	46.6%	45.6%
EBITDA margin	23.2%	22.1%	19.8%	18.4%
EBITDA margin before exceptional items	23.2%	22.1%	19.8%	19.5%
EBITA margin	21.9%	20.7%	18.2%	17.8%
EBIT margin	20.0%	18.8%	16.0%	14.5%
Cash conversion	132.3%	115.0%	91.7%	81.0%
Earnings per share, DKK	3.54	3.34	6.82	6.02
Diluted earnings per share, DKK	3.54	3.34	6.82	6.02
Share price, end of period, DKK	141.0	150.0	141.0	150.0
Return on invested capital, pre-tax	13.9%	13.1%	13.9%	13.1%
Return on invested capital, pre-tax and excluding goodwill	99.3%	79.8%	99.3%	79.8%
Net working capital as a percentage of revenue	-2.9%	0.3%	-2.9%	0.3%
Investments as a percentage of revenue	1.2%	8.9%	1.8%	5.0%
Net interest-bearing debt/Adjusted EBITDA	2.4	2.8	2.4	2.8
Average number of employees	2,254	2,205	2,245	2,190

For definitions of key financials, see page 73 of the 2013/14 Annual Report.

Management's review

Revenue for Q3 and the nine months ended 31 December 2014

Matas generated revenue of DKK 1,041 million in Q3 2014/15, equivalent to a year-on-year growth rate of 2.2%. Revenue for the nine months ended 31 December 2014 grew 2.3% year on year to DKK 2,661 million.

Sales in Matas's own retail stores in Q3 2014/15 grew 3.1% year on year, while wholesale sales to associated Matas stores were down by 18.8% as a result of the acquisition of associated stores during the past year. Adjusted for the acquisition of stores, a minor underlying decline was seen in wholesale sales to associated stores in Q3 2014/15.

The growth in sales to stores operated by the Group in both Q3 2014/15 and Q3 2013/14 (like-for-like growth) was 0.8%. The like-for-like growth rate for the first nine months of 2014/15 was 0.9% and was adversely affected by the recall of the Depend GelLack products in the Beauty segment in Q2 2014/15. The recall, which was exceptionally large, had no direct adverse impact on sales in Q3 2014/15, but the absence of these products is deemed to have adversely affected the overall sales growth.

The difference between life-for-like growth and reported growth of 3.1% in own retail stores is primarily made up of the effect of the consolidation of acquired operations and of stores not included in like-for-like growth.

The average basket size continued to show organic growth in Q3 2014/15, whereas the number of transactions excluding stores acquired was on a level with Q3 2013/14. The high year-on-year growth rates in online sales continued.

The market for beauty, health and personal care products remained challenged in Q3 2014/15, and the mass beauty market is estimated to have contracted slightly during the quarter, partly due to the absence of the GelLack products. Through its commitment to execution in sales, marketing and product flows, Matas is estimated to have retained its market share in Q3 2014/15. Overall, market conditions are expected to remain unchanged in the company's principal markets for the remaining part of the financial year.

REVENUE BY SALES CHANNEL

(DKK millions)	2014/15 Q3	2013/14 Q3	Growth	2014/15 9 months	2013/14 9 months	Growth
Beauty	783.4	769.2	1.8%	1,917.3	1,848.7	3.7%
Vital	90.6	85.0	6.6%	250.2	239.0	4.7%
Material	75.8	67.5	12.3%	225.8	202.1	11.7%
MediCare	48.0	47.2	1.7%	140.4	134.6	4.3%
Other including Sweden	9.9	8.1	22.2%	25.1	23.9	5.0%
Total revenue from own retail stores	**1,007.7**	**977.0**	**3.1%**	**2,558.8**	**2,448.3**	**4.5%**
Sales of goods to associated stores	33.6	41.4	-18.8%	102.3	152.2	-32.8%
Total revenue	**1,041.3**	**1,018.4**	**2.2%**	**2,661.1**	**2,600.5**	**2.3%**

Note: Product sales from StyleBox are included in Beauty, while sales of services are included in Other.

Certain products were recategorised effective 31 December 2014. The change will affect the distribution of revenue by product area in Matas's own retail stores. See note 5 to the financial statements on page 16 for a breakdown of the new distribution by quarter in 2013/14 and 2014/15.

The Beauty Shop offers everyday and luxury beauty products and personal care products, including cosmetics, fragrance, skincare and hair-care products. Revenue from the Beauty segment grew by 1.8% in Q3, of which acquired operations accounted for 2.6 percentage points. Accordingly, the Beauty segment showed an organic decline of 0.8%, which was affected by a downturn in sales within the make-up and nails category and the absence of GelLack products.

The Beauty Shop's share of total revenue from Matas's own retail stores was 77.7% of sales in Q3 2014/15 compared to 78.7% in the year-earlier period.

The Vital Shop segment, which consists of vitamins, minerals and supplements, saw an increase in revenue of 6.6% in Q3 2014/15, including acquired operations, which contributed 3.4 percentage points to the growth rate. The Vital Shop thus continued its broadly founded growth from Q2 2014/15.

Revenue from the Material Shop segment, which comprises products for handling complex household issues as well as footcare, sports, and other products, showed fair growth, driven by good performance in the field of footcare in particular. The overall growth rate of the Matas Material segment was 12.3%, of which acquired operations accounted for approximately 3.2 percentage points.

The MediCare segment, which offers OTC medicine and healthcare products, recorded a 1.7% increase in revenue in Q3 2014/15. The effect from acquired operations accounted for 3.4%, implying a 1.7% decline in revenue in the quarter. The decline was attributable to particularly good Christmas sales in 2013/14, when one product in particular was a major driver of revenue. Excluding the downturn in sales of this product in the Christmas season 2014/15, the Medicare segment showed broadly founded growth in Q3 2014/15.

The number of members of the Club Matas loyalty programme is currently 1.5 million. Both the development and roll-out of projects to increase the value of the loyalty programme in the years ahead follow the plans made.

The current number of external ClubM partners is 15.

As at the end of 2014, the Matas chain had 294 retail stores, divided into 273 own retail stores and 21 associated stores. An additional associated store was acquired on 1 February 2015.

One of the two retail stores in Sweden was closed down on 31 December 2014. It is expected that the remaining store in Sweden will be closed down some time within the next few months.

In StyleBox, the number of stores was unchanged at five plus an online store throughout Q3 2014/15. StyleBox showed decent growth rates in Q3 2014/15, although still from a low level.

Costs and operating profit

Gross profit in Q3 2014/15 was DKK 481 million (Q3 2013/14: DKK 464 million). The increase was attributable both to the growth in revenue and the higher gross margin.

The gross margin for Q3 2014/15 was 46.2 % (Q3 2013/14: 45.6%). The improvement of the gross margin was attributable to a revaluation of recognised Club Matas points in Q3 2013/14, which reduced the gross margin by approximately 0.6 percentage points. The consolidation of acquired stores lifted the gross margin for the quarter, but less so than in the previous quarters, as six of the 13 stores acquired in 2013/14 were consolidated effective 1 November 2014 and are consequently partly included in the comparative figures for part of the year. The underlying gross margin was thus marginally lower than in the year-earlier period, which was due to normal quarterly fluctuations and the continuing challenges of the Danish retail market.

Gross profit for the first nine months of 2014/15 was DKK 1,240 million (9M 2013/14: DKK 1,186 million). The 9M gross margin increased by 1 percentage point to 46.6% (9M 2013/14: 45.6%).

Other external costs were down by DKK 3 million relative to Q3 2013/14. Other external costs as a percentage of revenue declined to 7.4% in Q3 2014/15 from 7.8% in the year-earlier period, which was mainly attributable to lower net marketing costs.

Staff costs rose by DKK 3 million in Q3 2014/15, or 2% year on year, partly driven by acquired operations. Staff costs as a percentage of revenue declined to 15.6% in Q3 2014/15 from 15.7% in the year-earlier period. Payroll costs as a percentage of revenue remained largely unchanged, both for the retail stores and for head office functions. Q3 staff costs included DKK 0.7 million related to the Group's long-term share compensation programme.

Overall, developments in other external costs and staff costs in Q3 2014/15 were as expected.

Developments in costs

(DKK millions)	2014/15 Q3	2013/14 Q3	Growth	2014/15 9 months	2013/14 9 months	Growth
Other external costs	76.9	79.8	-3.6%	226.9	233.5	-2.8%
- of which net exceptional items	0.0	0.0		0.0	18.0	
Other external costs before exceptional items	76.9	79.8	-3.6%	226.9	215.5	5.3%
As a percentage of revenue	7.4%	7.8%		8.5%	8.3%	
Staff costs	162.4	159.4	1.9%	485.9	475.1	2.3%
- of which net exceptional items	0.0	0.0		0.0	10.1	
Staff costs before exceptional items	162.4	159.4	1.9%	485.9	465.0	4.5%
As a percentage of revenue	15.6%	15.7%		18.3%	17.9%	

EBITDA was DKK 242 million in Q3 2014/15, representing a year-on-year increase of 7.5%. The EBITDA margin was 23.2% in Q3 2014/15, representing a year-on-year improvement of 1.1 percentage point.

EBITDA for the first nine months of 2014/15 was DKK 527 million (9M 2013/14: DKK 478 million), which brought the EBITDA margin for 9M 2014/15 to 19.8%, representing an underlying increase by 0.3 percentage point net of non-recurring costs of DKK 28 million related to the IPO in 9M 2013/14.

EBITA was up by 8.2% to DKK 228 million in Q3 2014/15, equivalent to an EBITA margin of 21.9% (Q3 2013/14: 20.7%). The underlying EBITA margin was slightly higher in Q3 2014/15 than in the year-earlier period, excluding the revaluation of Club Matas points in Q3 2013/14, which reduced the EBITA margin by approximately 1 percentage point.

EBITDA for the first nine months of 2014/15 was DKK 483 million, representing a 4.6% year-on-year increase.

EBIT was DKK 209 million in Q3 2014/15 and DKK 426 million in the first nine months of 2014/15.

Developments in EBITA

(DKK millions)	2014/15 Q3	2013/14 Q3	Growth	2014/15 9 months	2013/14 9 months	Growth
Operating profit	208.6	191.2	9.1%	426.2	376.5	13.2%
Net exceptional items	0.0	0.0		0.0	28.1	
Amortisation of intangible assets	19.0	19.1		57.0	57.3	
EBITA	227.6	210.3	8.2%	483.2	461.9	4.6%
EBITA margin	21.9%	20.7%		18.2%	17.8%	

Financials

Total financial expenses were down by DKK 4 million in Q3 2014/15 to DKK 13 million.

In Q3 2014/15, an expense of DKK 0.2 million was recognised in respect of a fair value adjustment of an interest rate swap. Net interest expenses excluding fair value adjustments were DKK 12.6 million, which represented a year-on-year increase of DKK 0.8 million.

Financial expenses for the first nine months of 2014/15 totalled DKK 38 million. Net of the write-off of capitalised financing costs of DKK 19 million in the first nine months of 2013/14 and the fair value adjustment of the interest rate swap in the first nine months of 2014/15 by a DKK 12 million expense, net interest expenses were down by 2% year on year.

DEVELOPMENTS IN NET INTEREST EXPENSES

(DKK millions)	2014/15 Q3	2013/14 Q3	2014/15 9 months	2013/14 9 months
Net financials	12.8	16.4	49.4	61.7
Fair value adjustment of interest rate swap	-0.2	-4.6	-11.6	-4.6
Write-off of capitalised financing costs	0.0	0.0	0.0	-18.5
Net interest expenses	12.6	11.8	37.8	38.5

Profit for the period

The effective tax rate in Q3 2014/15 was 26.5%, equivalent to a tax expense of DKK 52 million. Q3 2014/15 profit after tax was DKK 144 million, and adjusted profit after tax was DKK 158 million, representing a year-on-year increase of 5%. Diluted earnings per share amounted to DKK 3.54

Profit after tax for the first nine months of 2014/15 was DKK 277 million, equivalent to diluted earnings per share of DKK 6.82. Adjusted net profit for the period was DKK 320 million.

Statement of financial position

Total assets stood at DKK 5,758 million at 31 December 2014 (31 December 2013: DKK 5,767 million).

Current assets totalled DKK 1,268 million, representing a year-on-year increase of DKK 36 million. Inventories were DKK 135 million higher at the end of Q3 2014/15 than at the end of Q3 2013/14 including additions from acquired operations and store openings. Inventories accounted for 22.6% of the LTM revenue at the end of Q3 2014/15, compared to 19.0% a year earlier and 23.0% at the end of Q2 2014/15. High priority is given to optimising cash tied up in inventories relative to reliability of delivery to the retail stores, with ongoing efforts being made to reduce the overall level of cash tied up in inventories.

Trade receivables declined by DKK 106 million to DKK 34 million caused by shorter settlement periods for credit card sales and the acquisition of associated stores. Trade creditors were up by DKK 142 million, which was attributable to the increase in the value of inventories, improved credit terms, and minor timing differences in connection with payments to creditors at the end of the quarter.

Cash and cash equivalents stood at DKK 336 million (31 December 2013: DKK 301 million). The increase was due to the improved cash flows, which were mainly attributable to developments in net working capital.

Net working capital stood at minus DKK 100 million at 31 December 2014, which was a year-on-year improvement of DKK 111 million. Net working capital accounted for approximately minus 2.9% of revenue for the past 12 months, as compared with 0.3% last year.

Equity stood at DKK 2,626 million at 31 December 2014 (31 December 2013: DKK 2,596 million). Dividend was paid out in the first nine months of 2014/15 in the amount of DKK 224 million.

Interest-bearing gross debt stood at DKK 1,910 million at 31 December 2014.

Net interest-bearing debt was DKK 1,574 million at 31 December 2014, representing a year-on-year decline of DKK 187 million. Net interest-bearing debt represents 2.4x LTM EBITDA before exceptional items.

The Group held 313,789 treasury shares at 31 December 2014, equivalent to 0.77% of the share capital. A total of 216,012 of the company's own shares were acquired under the announced share buyback programme during the period 18 November 2014 – 31 December 2014. Shares acquired under the share buyback programme will be cancelled. The remaining treasury shares are held to meet certain obligations to deliver shares under the Group's long-term incentive programme.

Statement of cash flows

Cash generated from operations was an inflow of DKK 327 million in Q3 2014/15 (Q3 2013/14: DKK 273 million) and was positively affected by the increase in working capital in Q3 2014/15. Cash generated from operations in the first nine months of 2014/15 was DKK 510 million.

The cash flow from operating activities was DKK 194 million in Q3 2014/15 (Q3 2013/14: DKK 44 million). In addition to the positive effect from developments in working capital, the increase was attributable to the payment of DKK 89 million in tax in Q3 2013/14 relating to the pending withholding tax case.

The cash flow from investing activities was an outflow of DKK 12 million, which was attributable to maintenance investments in the store network and IT investments.

The free cash flow was an inflow of DKK 182 million in Q3 2014/15 and DKK 304 million in the first nine months of 2014/15.

Return on invested capital

The return on invested capital before tax in the past 12 months was 13.9% (99.3% excluding goodwill), as compared to 13.1% a year earlier.

Grant of options

In accordance with Matas's Overall Guidelines on Incentive Pay, Matas A/S granted a total of 72,789 options on 21 August 2014, consisting of 47,516 options to members of the Executive Management and 25,273 options to key employees, to purchase shares in Matas A/S under the long-term incentive programme.

Events after the balance sheet date of the interim report

No significant events have occurred after the balance sheet date of the interim report.

Significant risks

As stated in the 2013/14 Annual Report, no significant operational risks are deemed to exist other than what is normal in the industry. Matas is to some extent exposed to different types of financial risk such as interest-rate, liquidity and credit risk. See note 28 to the consolidated financial statements for 2013/14 for additional information on this risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of Matas A/S for the period 1 April to 31 December 2014.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 31 December 2014 and of the results of the Group's operations and cash flows for the period 1 April to 31 December 2014.

Furthermore, in our opinion the management review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Allerød, 4 February 2015

Executive Management

Terje List
Chief Executive Officer

Anders T. Skole-Sørensen
Chief Financial Officer

Board of Directors

Lars Vinge Frederiksen
Chairman

Lars Frederiksen
Deputy Chairman

Ingrid Jonasson Blank

Christian Mariager

Birgitte Nielsen

Additional information

Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the 2014/15 and 2015/16 financial years:

28 May 2015	Annual report 2014/15
24 June 2015	Annual general meeting
28 August 2015	Q1 interim report 2015/16
19 November 2015	Q2 interim report 2015/16
8 January 2016	Trading update for Q3 2015/16
9 February 2016	Q3 interim report 2015/16
27 May 2016	Annual report 2015/16

Company information

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Statement of comprehensive income

(DKK millions)	2014/15 Q3	2013/14 Q3	2014/15 9 months	2013/14 9 months
Revenue	1,041.3	1,018.4	2,661.1	2,600.5
Cost of goods sold	-560.3	-554.3	-1,421.4	-1,414.2
Gross profit	481.0	464.1	1,239.7	1,186.3
Other external costs	-76.9	-79.8	-226.9	-233.5
Staff costs	-162.4	-159.4	-485.9	-475.1
Amortization, depreciation and impairment losses	-33.1	-33.7	-100.7	-101.2
Operating profit	208.6	191.2	426.2	376.5
Financial income	0.0	0.0	0.1	0.0
Financial expenses	-12.8	-16.4	-49.5	-61.7
Profit before tax	195.8	174.8	376.8	314.8
Tax on profit for the period	-51.9	-38.9	-99.5	-70.0
Profit for the period	143.9	135.9	277.3	244.8
Other comprehensive income				
Other comprehensive income after tax	0.0	0.0	0.0	0.0
Total comprehensive income	143.9	135.9	277.3	244.8
Earnings per share				
Earnings per share, DKK	3.54	3.34	6.82	6.02
Diluted earnings per share, DKK	3.54	3.34	6.82	6.02

Statement of cash flows

(DKK millions)	**2014/15 Q3**	**2013/14 Q3**	**2014/15 9 months**	**2013/14 9 months**
Profit before tax	195.7	174.8	376.7	314.8
Adjustment for non-cash operating items, etc.:				
Amortisation, depreciation and impairment losses	33.1	33.7	100.7	101.2
Other non-cash operating items, net	0.7	1.6	1.5	1.7
Financial income	0.0	0.0	-0.1	0.0
Financial expenses	12.8	16.4	49.5	61.7
Cash generated from operations before changes in working capital	242.3	226.5	528.3	479.4
Changes in working capital	85.0	46.3	-18.2	-64.9
Cash generated from operations	327.3	272.8	510.1	414.5
Interest received	0.0	0.0	0.1	0.0
Interest paid	-11.8	-11.1	-35.5	-37.1
Corporation tax paid	-121.2	-218.1	-121.2	-218.9
Cash flow from operating activities	194.3	43.6	353.5	158.5
Acquisition of intangible assets	-5.2	-5.5	-15.1	-16.6
Acquisition of property, plant and equipment	-6.9	-12.5	-25.3	-31.1
Acquisition of subsidiaries and operations	0.0	-72.4	-8.7	-83.3
Cash flow from investing activities	-12.1	-90.4	-49.1	-131.0
Free cash flow	182.2	-46.8	304.4	27.5
Debt raised from and settled with banks	-30.0	100.0	145.0	-253.5
Dividend paid	0.0	0.0	-223.8	0.0
Purchase and sale of treasury shares	-29.4	5.7	-29.4	-9.3
Cash flow from financing activities	-59.4	105.7	-108.2	-262.8
Net cash flow from operating, investing and financing activities	122.8	58.9	196.2	-235.3
Cash and cash equivalents, beginning of period	213.4	242.4	140.0	536.6
Cash and cash equivalents, end of period	336.2	301.3	336.2	301.3

Assets

(DKK millions)	31.12 2014	31.12 2013	31.03 2014
NON-CURRENT ASSETS			
Goodwill	3,689.3	3,658.5	3,684.7
Trademarks and trade names	528.1	602.1	583.6
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	38.4	47.4	41.1
Total intangible assets	4,259.7	4,311.9	4,313.3
Property, plant and equipment			
Land and buildings	99.3	101.6	101.2
Plant and machinery	55.3	45.4	50.4
Leasehold improvements	15.8	22.9	21.1
Total property, plant and equipment	170.4	169.9	172.7
Deferred tax	22.7	19.6	15.9
Deposits	35.8	33.2	34.7
Other securities and investments	1.3	1.1	1.3
Total other non-current assets	59.8	53.9	51.9
Total non-current assets	4,489.9	4,535.7	4,537.9
CURRENT ASSETS			
Inventories	768.2	633.5	607.3
Trade receivables	33.8	139.5	54.4
Corporation tax	110.4	141.0	116.4
Other receivables	3.1	2.2	9.5
Prepayments	16.2	14.1	22.1
Cash and cash equivalents	336.2	301.3	140.0
Total current assets	1,267.9	1,231.6	949.7
TOTAL ASSETS	5,757.8	5,767.3	5,487.6

Equity and liabilities

(DKK millions)	**31.12 2014**	**31.12 2013**	**31.03 2014**
EQUITY			
Share capital	101.9	101.9	101.9
Share premium	1,787.3	1,786.2	1,787.3
Translation reserve	0.3	0.5	0.3
Treasury share reserve	-39.9	-9.4	-10.5
Proposed dividend	0.0	0.0	224.3
Retained earnings	776.1	716.3	496.6
Total equity	2,625.7	2,595.5	2,599.9
LIABILITIES			
Deferred tax	276.4	326.6	297.5
Banks	1,909.8	2,061.9	1,762.7
Other payables, long-term	24.7	5.2	13.1
Total non-current liabilities	2,210.9	2,393.7	2,073.3
Prepayments from customers	174.9	154.4	129.8
Trade payables	552.9	411.3	529.7
Other payables	193.4	212.4	154.9
Total current liabilities	921.2	778.1	814.4
Total liabilities	3,132.1	3,171.8	2,887.7
TOTAL EQUITY AND LIABILITIES	5,757.8	5,767.3	5,487.6

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity 1 April 2014	**101.9**	**1,787.3**	**0.3**	**-10.5**	**224.3**	**496.6**	**2,599.9**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	277.3	277.3
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**277.3**	**277.3**
Transactions with owners							
Dividend paid	0.0	0.0	0.0	0.0	-224.3	0.0	-224.3
Dividend on treasury shares	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Adjustment on acquisitions	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Share-based compensation after tax	0.0	0.0	0.0	0.0	0.0	1.4	1.4
Acquisition of treasury shares	0.0	0.0	0.0	-29.4	0.0	0.0	-29.4
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-29.4**	**-224.3**	**2.2**	**-251.5**
Equity at 31 December 2014	**101.9**	**1,787.3**	**0.3**	**-39.9**	**0.0**	**776.1**	**2,625.7**

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity 1 April 2013	**101.7**	**1,786.4**	**0.5**	**-0.1**	**0.0**	**470.9**	**2,359.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	244.8	244.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**244.8**	**244.8**
Transactions with owners							
Bonus shares	0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares to employees	0.0	0.0	0.0	5.7	0.0	0.0	5.7
Share-based compensation after tax	0.0	0.0	0.0	0.0	0.0	0.6	0.6
Acquisition of treasury shares	0.0	0.0	0.0	-15.0	0.0	0.0	-15.0
Total transactions with owners	**0.2**	**-0.2**	**0.0**	**-9.3**	**0.0**	**0.6**	**-8.7**
Equity at 31 December 2013	**101.9**	**1,786.2**	**0.5**	**-9.4**	**0.0**	**716.3**	**2,595.5**

Notes to the financial statements

Note 1 - Accounting policies

The interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for listed companies. Except as stated below, the accounting policies are unchanged from the accounting policies applied in the consolidated financial statements for 2013/14, to which reference is made. The consolidated financial statements for 2013/14 contain the full description of the accounting policies.

Matas has changed the accounting classification of software in the statement of financial position. As from 2014/15, software is recognised in intangible assets under "Other intangible assets". Software was formerly recognised in property, plant and equipment in the line item "Plant and machinery". Software was reclassified as of 1 April 2014 with a carrying amount of DKK 31.4 million and restatement of the comparative figures for 2013/14. See the interim report for Q1 2014/15 for a historical overview of the reclassification by quarter.

Matas A/S has implemented the IFRS standards and interpretations taking effect for 2014/15. None of the new standards and interpretations have affected recognition and measurement.

Note 2 – Accounting estimates and judgments

The preparation of interim financial statements requires management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments. The critical accounting estimates and judgments are consistent with those in the consolidated financial statements for 2013/14.

Note 3 – Seasonality

The Group's activities in the interim period were affected by the Christmas trade, which is material to the Group's overall financial performance.

Note 4 – Acquisition of subsidiaries and operations

Matas acquired two associated stores effective 30 September 2014. The total consideration paid during the interim period was DKK 4.1 million, equivalent to the goodwill acquired. Acquired operations were recognised in revenue for the period at DKK 7.1 million and in EBITDA for the period at DKK 0.4 million. As a consequence of the continuing settlement of contracts with the seller, the acquisitions recognised are subject to change. No transaction costs were incurred.

Note 5 – Revenue by sales channel

Certain products have been recategorised, the change affecting the historic distribution of revenue by product area in Matas's own retail stores. The table below shows the new distribution by product area per quarter in 2013/14 and 2014/15.

(DKK millions)	**2014/15 Q3**	**2014/15 Q2**	**2014/15 Q1**	**2013/14 Q3**	**2013/14 Q3**	**2013/14 Q2**	**2013/14 Q1**
Beauty	783.4	544.8	589.1	513.6	769.2	524.7	554.8
Vital	90.6	83.3	76.3	85.4	85.0	77.6	76.4
Material	75.8	75.3	74.7	57.2	67.5	67.8	66.8
MediCare	48.0	46.6	45.8	43.9	47.2	43.7	43.7
Other including Sweden	9.9	6.3	8.9	11.1	8.1	9.0	6.8
Total revenue from own retail stores	**1,007.7**	**756.3**	**794.8**	**711.2**	**977.0**	**722.8**	**748.5**
Sales of goods to associated stores	33.6	36.3	32.4	32.8	41.4	56.3	54.5
Total revenue	**1,041.3**	**792.6**	**827.2**	**744.0**	**1,018.4**	**779.1**	**803.0**

Interim financial highlights

(DKK millions)	2014/15 Q3	2014/15 Q2	2014/15 Q1	2013/14 Q4	2013/14 Q3
Statement of comprehensive income					
Revenue	1,041.3	792.6	827.2	744.0	1,018.4
Gross profit	481.0	372.8	385.9	355.0	464.1
EBITDA	241.7	140.6	144.6	122.1	224.9
Operating profit	208.6	106.3	111.3	87.9	191.2
Net interest expenses	-12.8	-16.9	-19.7	-20.8	-16.4
Profit before tax	195.8	89.4	91.6	67.1	174.8
Profit for the period	143.9	65.8	67.6	4.1	135.9
Statement of financial position					
Total assets	5,757.8	5,647.3	5,689.4	5,487.6	5,767.3
Total equity	2,625.7	2,510.6	2,444.0	2,599.9	2,595.5
Net working capital	-99.9	-14.7	-156.8	-121.1	11.2
Net interest-bearing debt	1,574.2	1,726.3	1,467.9	1,623.3	1,761.2
Statement of cash flows					
Cash flow from operating activities	194.3	-13.1	172.3	191.5	43.6
Cash flow from investing activities	-12.1	-20.8	-16.2	-45.2	-90.4
Free cash flow	182.2	-33.9	156.1	146.3	-46.8
Net cash flow from operating, investing and financing activities	122.8	-82.7	156.1	-161.3	58.9
Key performance indicators					
Number of transactions (in millions)	6.6	5.7	5.8	5.3	6.5
Average basket size (in DKK)	150.0	130.4	134.9	131.5	149.4
Total retail floor space (in thousands of square metres)	51.0	51.0	50.9	50.9	49.8
Average revenue per square metre (in DKK thousands) - LTM	63.8	63.7	63.9	63.9	64.0
Like-for-like growth	0.8%	0.5%	1.4%	1.2%	5.5%
Adjusted figures					
EBITDA	241.7	140.6	144.6	122.1	224.9
Net exceptional items	0.0	0.0	0.0	1.8	0.0
EBITDA before exceptional items	241.7	140.6	144.6	123.9	224.9
Depreciation and amortisation of software	-14.1	-15.3	-14.3	-15.0	-14.6
EBITA	227.6	125.3	130.3	108.9	210.3
Adjusted profit after tax	158.2	80.1	81.9	61.6	150.2
Gross margin	46.2%	47.0%	46.7%	47.7%	45.6%
EBITDA margin	23.2%	17.7%	17.5%	16.4%	22.1%
EBITDA margin before exceptional items	23.2%	17.7%	17.5%	16.7%	22.1%
EBIT margin	20.0%	13.4%	13.5%	11.8%	18.8%
EBITA margin	21.9%	15.8%	15.8%	14.6%	20.7%

For definitions, see page 73 of the 2013/14 Annual Report.